

## **CORRECTED FISCAL NOTE**

### **HB 1126 - SB 1610**

May 19 1999

**SUMMARY OF BILL:** Imposes a state tax of 8.25% on all television programming and services, regardless of the means by which such services are provided. The bill provides equal sales tax treatment for cable and satellite television services by allowing a \$12 per month "basic" exemption per account. Also removes the local option tax on cable and satellite television services. Revenues generated from this tax are allocated 72.73% to the state and 27.27% to the local government. The 27.27% local government portion is then allocated among municipalities based on the population of each municipality in relation to the total population of the state. Under existing law, any cable television service charge in excess of the basic rate is assessed a state and local sales tax. The basic rate exemption does not apply to certain television programming services. Direct-to-home satellite television services are currently exempt from local option sales tax. The bill would take effect January 1, 2000.

### **ESTIMATED FISCAL IMPACT:**

On April 5, we issued a fiscal note on this bill indicating a fiscal impact of *Increase State Revenues - \$3,900,000; Increase State Expenditures - \$50,000 One-Time; and Increase Local Govt. Revenues \$1,400,000.*

**Based on the receipt of additional information, the fiscal impact is estimated to be:**

**Increase State Revenues - Net Impact - \$10,466,000**

**Increase State Expenditures - \$50,000 One-Time**

**Increase Local Govt. Revenues - \$4,896,000**

Estimate assumes:

- a net increase in state revenues of approximately \$10,466,000 which assumes an increase in state revenues of \$13,058,000 from cable television subscribers and a decrease in state revenues of \$2,592,000 from direct satellite subscribers.
- an increase in local government revenues of approximately \$4,896,000 from cable television subscribers.
- a one-time increase in state expenditures of \$50,000 as a result of MIS system costs.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

**HB 1126 - SB 1610  
CORRECTED**

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first name "James" being the most prominent.

James A. Davenport, Executive Director